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Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Federal-State Joint Board on Universal )  
Service; Interim Hold-Harmless Provision )  
of the Commission's High-Cost Support )  
Mechanism )

CC Docket No. 96-45  
FCC 99J-2

**REPLY COMMENTS OF  
THE TELEPHONE ASSOCIATION OF NEW ENGLAND**

The Telephone Association of New England (TANE), by its attorney, hereby files its Reply Comments pursuant to the Joint Board's Public Notice released November 3, 1999 (FCC99J-2). TANE is a regional association of approximately 50 incumbent local exchange carriers (LECs) operating in the six New England States. These reply comments address the issue of inclusion of Long Term Support in the Hold Harmless provision raised in the comments of the National Exchange Carrier Association (NECA) and are filed on behalf of the TANE Rural Telephone Company members, which includes all ILECs except Bell Atlantic and SNET.

Long Term Support (LTS) was initiated in 1989, coincident with removal of the requirement for mandatory participation in the NECA common line pool, in order to permit the remaining pool participants to continue to charge a nationwide average Carrier Common Line rate.<sup>1</sup> In its *Universal Service Order*, the Commission concluded that the 1996 Amendments to

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<sup>1</sup> MTS and WATS Market Structure, *Report and Order*, 2 FCC Rcd 2953, 2956-58 (1987) (MTS Order).

the Communications Act required that LTS be supported by contributions from all interstate carriers and moved LTS from the access charge rules to the new universal service support system.<sup>2</sup>

In its recent *Methodology Order* the Commission adopted an interim “hold-harmless” provision for non-rural incumbent local exchange carriers (ILECs) which includes both support calculated pursuant to Part 36 and LTS.<sup>3</sup> The Hold-Harmless provision is intended to be a transitional mechanism which the Commission intends to phase out “as carriers and states adapt to the new forward-looking mechanism.”<sup>4</sup> The Commission has requested that the Joint Board provide a recommendation on how to accomplish the phase-out without “causing undue disruption to consumer rates in high-cost areas.”<sup>5</sup>

TANE supports the NECA comments which correctly make the point that LTS provides support for interstate access rates rather than support for intrastate consumer rates.<sup>6</sup> As such, any LTS component of the hold-harmless provision should not be phased out, because the new

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<sup>2</sup> Federal-State Joint Board on Universal Service, *Report and Order*, 12 FCC Rcd 8776, 9164-65 (1997)(*Universal Service Order*).

<sup>3</sup> Federal State Joint Board on Universal Service, CC Docket No. 96-45, *Ninth Report & Order and Eighteenth Order on Reconsideration*, FCC 99-306 (Nov. 2, 1999) (*Methodology Order*), adopting, *inter alia*, 47 C.F.R. 54.311.

<sup>4</sup> *Id.* at para. 88.

<sup>5</sup> *Id.*


<sup>6</sup> Comments of National Exchange Carrier Association, Dec. 1, 1999.

forward-looking support mechanism is not designed or intended to replace it.<sup>7</sup> The purpose of LTS is to reduce the disparity in interstate access charges between large and small ILECs in order to minimize incentives for bypass and toll rate deaveraging.<sup>8</sup> If this support were phased out, the NECA pool rates would be adversely impacted because of the loss of support for the non-rural members of the pool. TANE is also concerned that such action would set an undesirable precedent for the ultimate revision of universal service support for rural telephone companies.

TANE therefore requests that the Joint Board recommend to the Commission that it either remove LTS from the Hold-Harmless provision and allow it to continue as is, or establish LTS as a permanent part of the non-rural support mechanism.

Respectfully submitted

Telephone Association of New England

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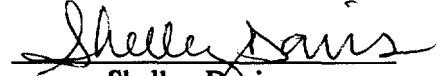
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<sup>7</sup> To the extent the question of whether LTS should be included in the hold-harmless provision at all may be beyond the scope to the current request for comments, NECA has indicated it will seek clarification or reconsideration of this point. Id.

<sup>8</sup> *Universal Service Order*, 12 FCC Rcd at 9163.

## CERTIFICATE OF SERVICE

I, Shelley Davis, of Kraskin, Lesse & Cosson, LLP, 2120 L Street, NW, Suite 520, Washington, DC 20037, hereby certify that a copy of the foregoing "Reply Comments of the Telephone Association of New England" was served this 15th day of December, 1999, by first class, U.S. Mail, postage prepaid to the following parties:

  
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